

Message Text

SECRET

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
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O 160940Z MAR 78
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S E C R E T MANILA SECTION 1 OF 2 MANILA 4258

EXDIS - MILITARY ADDRESSEES HANDLE AS SPECAT EXCLUSIVE

E.O. 11652: GDS
TAGS: MARR, RP
SUBJECT: BASE DISCUSSIONS: COMPENSATION OFFER AND MILITARY
EQUIPMENT LIST

REF: (A) STATE 67001, (B) STATE 67410

1. SUMMARY: BASE COMPENSATION OFFER AND COMMENTS ON MILITARY
EQUIPMENT LIST PRESENTED TO MARCOS, ROMULO, AND ENRILE MARCH 16.
ROMULO ARTICULATED CONCERNS REGARDING SIZE OF PACKAGE, POLITICAL
ACCEPTABILITY, AND FIRMNESS OF COMMITMENT. MARCOS APPEARED
UNDERSTAND SPECIAL EFFORT MADE RESPONSE TO COMPENSATION NEED.
MILITARY EQUIPMENT LIST WILL BE PRESENTED TO ESPINO MARCH 18.
MARCOS WILL CONSULT WITH ADVISERS, GIVE US REACTION ON MARCH
21. END SUMMARY.

2. I PRESENTED COMPENSATION PACKAGE TO MARCOS, ROMULO AND
ENRILE ON MARCH 16. LATTER TWO WERE WAITING IN ANTEROOM WHILE
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I DISCUSSED OTHER ISSUES (REPORTED SEPTELS). I SUGGESTED
TO PRESIDENT IT WOULD BE USEFUL HAVE BOTH PRESENT WHEN I
MADE PROPOSAL; HE SAID, "I READ YOUR MIND."

3. IN ADVANCE I CONCLUDED I WOULD PRESENT 5-YEAR PACKAGE
WHICH TOTALLED \$400 MILLION AND WHICH GAVE US POSSIBILITY,
IF NECESSARY, ADDING ADDITIONAL MAP AND FMS. ACCORDINGLY,

PACKAGE PROPOSAL CONTAINED IN TALKING PAPER WHICH I LEFT WITH THEM, WAS \$30 MILLION MAP; \$220 MILLION FMS; AND \$150 MILLION SECURITY SUPPORTING ASSISTANCE.

4. OPENING PRESENTATION, I NOTED WE HAD MET TIMETABLE OF "INDICATION" AS PROMISED AND STRESSED IMPORTANCE AND UNUSUAL NATURE OF BUREAUCRATIC AND CONGRESSIONAL CONSULTATIONS WHICH HAD RESULTED IN OUR PROPOSAL. I REMINDED THEM OF SIZE AND COMPOSITION OF PROPOSAL THEY HAD REJECTED IN 1976, THAT THAT PROPOSAL HAD SCANT CHANCE WINNING CONGRESSIONAL APPROVAL AND, THAT WE HAD REPEATEDLY TOLD THEM THAT WE COULD NOT MATCH THAT UNDER CURRENT CIRCUMSTANCES. I POINTED OUT THAT ECONOMIC ASSISTANCE WAS NOT PART OF OUR BASE RELATED PACKAGE BUT NOTED EXPECTATION THAT IT WOULD BE CONTINUED AT \$100 MILLION ANNUAL LEVEL IN ACCORDANCE PARA 3 (A) (4) OF REFERENCE A.

5. AGAINST THAT BACKGROUND I READ THROUGH PARA 3 (A), (B), AND (C). I STRESSED PARTICULARLY PARA 3 (A) (5) ON IMPORTANCE OF NORMALIZATION AND HUMAN RIGHTS ACTIONS, BUT DID NOT INCLUDE IT IN TALKING PAPER LEST, IN WIDER CIRCULATION, IT SHOULD LIKE CONDITION. I POINTED OUT PACKAGE WOULD BEGIN IN FY 1980 BUT THAT BUDGET PROCESS WOULD START IN MAY THIS YEAR.

6. WHEN I HAD FINISHED, MARCOS ASKED FOR FURTHER CLARIFICATION OF SECURITY SUPPORTING ASSISTANCE. I EMPHASIZED THAT
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THIS WAS FIRST TIME THIS PARTICULAR FORM OF AID HAD BEEN EXTENDED TO PHILIPPINES, IT REPRESENTED HIGH LEVEL DECISION TO ATTEMPT TO PROVIDE MARCOS WITH TYPE OF FLEXIBLE ASSISTANCE HE WANTED, AND THAT IT WAS FORM OF GRANT MORE ACCEPTABLE TO CONGRESS THAN MAP. I EXPLAINED BACKGROUND OF SECURITY SUPPORTING ASSISTANCE AND WAYS IN WHICH IT MIGHT BE USED (COMMODITY IMPORTS, CAPITAL PROJECT ASSISTANCE, ETC.), THUS RELEASING OTHER FUNDS FOR PURCHASES GOP MIGHT WISH TO MAKE. I EMPHASIZED DIFFICULTIES OF FIRST YEAR PROPOSAL AND FACTORS TO BE CONSIDERED. (PARA 3 (A) (3).

7. MARCOS HAD QUESTION ON REFERENCE TO OLANGAPO AND ANGELES IN PARA (4). I EXPLAINED THAT THIS MEANT FUNDS FOR SUCH PROJECTS MIGHT COME OUT OF REGULAR AID APPROPRIATIONS AND COULD BE IN ADDITION TO NORMAL PROGRAM. HE SAID THIS OF SPECIAL INTEREST TO HIM TO DO SOMETHING FOR -THOSE PEOPLE."

8. ROMULO SAID THIS PACKAGE WAS "NO COMMITMENT AT ALL" SINCE IT WAS SUBJECT TO ANNUAL APPROPRIATIONS. I POINTED OUT THAT CONGRES MADE IT CLEAR IT WOULD NOT AGREE TO MULTI-YEAR COMMITMENTS, BUT THAT HOLBROOKE AND OTHERS HAD GONE FAR,

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
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INFO SECDEF WASHDC IMMEDIATE
JCS WASHDC IMMEDIATE
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CINCPACAF IMMEDIATE
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EXDIS - MILITARY ADDRESSEES HANDLE AS SPECAT EXCLUSIVE

THROUGH CONSULTATIONS, TO ASSURE CONGRESSIONAL UNDERSTANDING
AND AT LEAST TACIT ACCEPTANCE OF APPROACH. NATURALLY, THERE
WAS NO COMMITMENT UNTIL MATTER ACTUALLY BEFORE CONGRESS. I
STRESSED U.S., NEVERTHELESS, PROCEEDING IN GOOD FAITH AND
THAT THIS WAS SAME FORMULA BEING FOLLOWED FOR COMPENSATION
PACKAGE FOR PANAMA CANAL.

9. ROMULO SAID, "BUT CONGRESSMEN ARE ONLY IN FOR TWO YEARS.
THEY CANNOT SPEAK FOR FUTURE."

10. I SAID THAT MANY WERE IN FOR MUCH LONGER AND THAT THERE
WAS CONTINUITY OF UNDERSTANDING WITH COMMITTEES. I ALSO
POINTED OUT CONSULTATION HAD BEEN WITH SENATE AS WELL, WHERE
THERE IS LONGER TENURE.

11. ROMULO PERSISTED THAT ALL OF THIS WAS STILL AT THE
WHIM OF CONGRESS. I POINTED OUT THAT, IF I UNDERSTOOD
CORRECTLY, WE ALL WANTED CONCLUDE AGREEMENT WHICH WOULD
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STRENGTHEN U.S.- PHILIPPINE RELATIONS; THIS WAS THE ONLY WAY OPEN TO US TO DO IT. I TURNED TO MARCOS AND SAID, "I HOPE YOU UNDERSTAND, MR. PRESIDENT, THAT THOSE IN WASHINGTON HAVE MADE AN UNUSUAL EFFORT TO INSURE THE SUCCESS OF THIS. WE ARE PROPOSING TO YOU A GRANT FIGURE NOT MUCH LESS THAN THE GRANT COMPONENT OF THE 1976 PACKAGE, DESPITE WHAT GENERAL ROMULO, FROM HIS OWN CONSULTATIONS THERE, KNOWS TO BE NEGATIVE ATTITUDES IN THE CONGRESS. AND WE ARE DOING THIS WITH THE TACIT CONSENT OF THE CONGRESS."

12. MARCOS SAID HE UNDERSTOOD THIS. HE THEN ADDED UP THE FIGURE (\$400 MILLION) AND SAID TO ROMULO AND ENRILE, "THIS IS LESS THAN OUR PEOPLE HAVE EXPECTED. I DO NOT THINK IT WOULD BE HELPFUL TO LET THIS OUT BEFORE THE ELECTION." ROMULO AND ENRILE AGREED THAT ANY ANNOUNCEMENT OF SUCH A FIGURE WOULD BE UNHELPFUL TO THE GOVERNMENT IN THE ELECTION, AND THAT IT SHOULD BE CLOSELY HELD. MARCOS ADDED THAT, WITH "NORMALIZATION", HE HAD TO BE MORE ATTENTIVE TO THE OPINIONS OF THE PEOPLE THAN BEFORE.

13. I SAID I UNDERSTOOD THEIR POLITICAL PROBLEMS, BUT THAT I HOPED THEY WOULD SEE THIS PACKAGE POSITIVELY AS NOT TOO DIFFERENT IN AMOUNT (IF ONE INCLUDED ECONOMIC ASSISTANCE IN THEIR CALCULATIONS) THAN 1976 OFFER, DESPITE OBVIOUS PROBLEMS. I STRESSED THAT GRANT COMPONENT WAS NOT ONLY NEAR 1976 FIGURE, BUT IT CONTAINED NEW AND MORE FLEXIBLE ELEMENT.

14. ROMULO THEN SAID, "BUT YOU HAVE PUT CONDITIONS ON IT WITH ALL THIS BUSINESS ABOUT HUMAN RIGHTS. IF I LEASE A HOUSE FROM SOMEONE WITH A PROVISIO THAT HE CAN THROW ME OUT IF HIS FATHER DOESN'T LIKE ME, THAT'S NOT A VALID LEASE."

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15. I REPLIED TO ROMULO THAT I WAS SETTING THIS FORTH AS A FACT THAT HAD TO BE CONSIDERED IN THE WASHINGTON CONTEXT, NOT AS A CONDITION. TO TAKE HIS HOUSE ANALOGY, I SAID THAT THE ONE YEAR LEASE IS VALID, BUT THAT THE WAY HE GOT ON WITH HIS NEIGHBORS MIGHT MAKE A DIFFERENCE IN THE ATMOSPHERE SURROUNDING THE ANNUAL RENEWAL OF THE LEASE. I DID NOT SAY WE WOULD SET DOWN CERTAIN CONDITIONS; I SAID THAT OUR ARRANGEMENTS CAN PROCEED MUCH MORE SMOOTHLY IF THE NORMALIZATION PROCESS CONTINUES.

16. ON THE MILITARY EQUIPMENT LIST, I EXPLAINED FACTORS WHICH HAD GONE INTO GRAHAM REPORT, AS OUTLINED IN 3(B) BUT SAID I HAD ONLY JUST RECEIVED LIST, WISHED TO EXAMINE IT WITH GENERAL MAPP (JUSMAG), AND SUGGESTED I PRESENT IT, WITH HIM, TO ENRILE ON SATURDAY. ENRILE SAID HE WOULD BE AWAY; SUGGESTED

I PRESENT IT TO GENERAL ESPINO. PRESENTATION HAS BEEN SET
FOR 9:00 A.M. SATURDAY.

17. MARCOS WILL MEET WITH HIS ADVISORS ON MONDAY AND WITH
ME AND MY ADVISORS ON TUESDAY AT 10:00 A.M. (SEPTTEL SUGGESTS
WASHINGTON PARTICIPATION).

18. COMMENT: MARCOS RECEIVED PROPOSAL WITH APPARENT UNDER-
STANDING OF SPECIAL EFFORT THAT HAD BEEN MADE. ENRILE WAS
IN GOOD HUMOR, TOOK COPIOUS NOTES, BUT SAID LITTLE. ROMULO
WILL PLAY HARD ROLE, BUT I AM NOT SURE IT WILL HAVE GREAT
EFFECT ON OTHER TWO. WE ARE CLEARLY NEARING THE CRUNCH.
TUESDAY SHOULD TELL US HOW FAR WE HAVE TO GO.

19. I GREATLY APPRECIATE TREMENDOUS WORK ON PART ALL ELEMENTS
IN GIVING ME BEST POSSIBLE PACKAGE UNDER CIRCUMSTANCES.

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY EQUIPMENT, MILITARY BASES
Control Number: n/a
Copy: SINGLE
Draft Date: 16 mar 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MANILA04258
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780116-1334
Format: TEL
From: MANILA
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780361/aaaabzdc.tel
Line Count: 241
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f21b4bc6-c288-dd11-92da-001cc4696bcc
Office: ACTION SS
Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: 78 STATE 67001, 78 STATE 67410
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3310739
Secure: OPEN
Status: NATIVE
Subject: BASE DISCUSSIONS: COMPENSATION OFFER AND MILITARY EQUIPMENT LIST
TAGS: MARR, RP
To: STATE
Type: TE
vdkgvwkey: odbs://SAS/SAS.dbo.SAS_Docs/f21b4bc6-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014